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Federal highway fund bankruptcy hits Arizona - ADOT to delay new federally supported projects

PHOENIX - Federal inaction to solve the nation's transportation funding crisis has left the federal Highway Trust Fund out of money.

As a result, the Arizona Department of Transportation is immediately placing a hold on new projects budgeted to use federal funding.

While Congress is considering a proposed \$8 billion one-year fix to the immediate crisis, long-term solutions are vague. Taking a fiscally-conservative approach, Arizona will assume no additional federal financial obligations, but ongoing projects are not immediately affected.

"This has been a crisis in the making for more than a year and the federal government has refused to act," said Gov. Janet Napolitano. "As a result of federal mismanagement and funding loss, Arizona will be forced to delay vital highway projects at a time when we are facing crippling congestion and a need for economic stimulation."

ADOT leadership is assessing the full impact - both in the short- and long-term - to Arizona's transportation infrastructure because of this sudden loss of stable federal funding. While not all work in the state receives federal aid, many planned construction projects receive some degree of reimbursement from the federal Highway Trust Fund. In the months ahead, as much as \$171 million in highway projects could be delayed because of this funding crisis.

"Our nation's inability to rethink transportation and implement sustainable funding solutions has created this immediate crisis. It has been no secret that the trust fund was nearing insolvency, but a deficit of leadership is to blame," said Victor Mendez, director of ADOT and past president of the American Association of State Highway and Transportation Officials. "There are other solutions for funding. It is past time to engage those diverse solutions to secure Arizona's future." Federal Highway Trust Fund collections were down 1.8 percent last year and are down 6.8 percent so far this year. Federal officials expect the trust fund to receive \$4.4 billion in nationwide reimbursement requests this month while collecting only \$2.7 billion. The fund is forecast to reach a zero balance by Oct. 1.

In 2007, Arizona received approximately \$650 million in federal aid for highways, local roads, bridges and public transit. For every dollar that motor-vehicle travelers spend in Arizona on federal gas taxes, the state gets back about 92 cents.

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